

## Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 AGR-20 SWF-02 COME-00 SP-03 AID-20

EB-11 NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 PA-04 PRS-01 USIA-15 IGA-02 DRC-01 /161 W

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R 191630Z JUL 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2796

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: INDIAN FOODGRAIN SITUATION

REF: NEW DELHI 9425

BEGIN SUMMARY: THE MONSOON HAS NOW COVERED MOST OF INDIA, BUT ITS PERFORMANCE IS STILL BELOW NORMAL IN MANY AREAS. CONSEQUENTLY, YIELDS FROM THIS YEAR'S FALL/WINTER-HARVESTED FOODGRAIN CROPS ARE EXPECTED TO BE ADVERSELY AFFECTED. AS PART OF THE GOVERNMENT'S DRIVE TO ACHIEVE HIGHER FOODGRAIN PRODUCTION, PRIME MINISTER GANDHI IS MAKING PERSONAL VISITS TO VARIOUS STATES TO REVIEW PRODUCTION PROGRAMS. GOI CONFRONTED WITH PROBLEM OF TRYING TO HOLD DOWN FOODGRAIN PRICE LEVELS WHILE FACED WITH DEMAND FOR INCREASED SUPPORT PRICES FOR THIS YEAR'S RICE AND COARSE

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GRAIN CROPS. GOI MAY HAVE INCREASED FOREIGN EXCHANGE ALLOCATED

FOR PURCHASE OF FOODGRAINS. END SUMMARY.

1. THE MONSOON HAS NOW COVERED MOST OF INDIA, HAVING ADVANCED INTO THE NORTH AND NORTHWESTERN STATES DURING THE WEEK ENDING JULY 17, WITH HEAVY RAINFALL OCCURRING IN DELHI, HARYANA, RAJASTHAN, AND PLAINS OF WESTERN UTTAR PRADESH. FOR THE REST OF THE COUNTRY, THERE WAS A SLIGHT LESSENING IN GENERAL PRECIPITATION DURING THE WEEK. THE OVERALL PERFORMANCE OF THE MONSSON CONTINUES TO BE BELOW AVERAGE AND COMPARES UNFAVORABLY WITH ITS PERFORMANCE DURING THE CORRESPONDING PERIOD LAST YEAR. CUMULATIVE RAINFALL FROM JUNE 1 TO JULY 17 IN THE CURRENT MONSOON SEASON WAS NORMAL OR ABOVE NORMAL IN ONLY 14 OUT OF THE 35 WEATHER ZONES, COMPARED TO 26 OUT OF 35 WEATHER ZONES DURING THE SAME PERIOD IN 1973.

2. IN NORTH INDIA, A SLIGHT IMPROVEMENT IN THE ABNORMALLY LOW WATER LEVEL OF THE GOBINDSAGAR LAKE HAS BEEN REPORTED FOR THE PAST FEW DAYS, BUT POWER GENERATION FROM THE BHAKRA DAM AND SUPPLY THEREOF TO THE INDUSTRIAL AND AGRICULTURAL SECTORS CONTINUES TO BE RESTRICTED. IN SOUTH INDIA, THE TAMIL NADU GOVERNMENT HAS ANNOUNCED THAT IRRIGATION WATER FROM THE METTUR DAM WILL BE RELEASED ON JULY 20. LAST YEAR, WATER FROM THE METTUR DAM WAS RELEASED ON JUNE 25. IN KARNATAKA, THE POWER CUT FOR MOST INDUSTRIES WAS REDUCED FROM 60 PERCENT TO 40 PERCENT EFFECTIVE JULY 15, FOLLOWING SOME IMPROVEMENT IN THE WATER LEVEL OF THE LINGANAMAKKI RESERVOIR OF THE SHARAVATHI PROJECT.

3. AVAILABLE REPORTS INDICATE SOWING OF KHARIF CROPS ARE CURRENTLY IN VARIOUS STAGES OF COMPLETION IN MOST PARTS OF INDIA. ACTUAL AREA COVERED WILL DEPEND LARGELY UPON THE PERFORMANCE OF THE NONSOON DURING THE NEXT FEW WEEKS. MOST INDEPENDENT OBSERVERS FEEL THE LATE ARRIVAL AND THE THUSFAR BELOW-NORMAL PRECIPITATION OF THE MONSOON WILL HAVE AN ADVERSE IMPACT ON FOODGRAIN YIELDS. THIS MAY BE LARGELY RECOVERED SHOULD THE MONSOON'S PERFORMANCE BE ABOVE-AVERAGE DURING THE REMAINDER OF THE SEASON.

4. REPORTEDLY AS A SIGN OF THE CENTRAL GOVERNMENT'S DETERMINATION TO ACHIEVE HIGHER FOODGRAIN PRODUCTION, PRIME MINISTER GANDHI VISITED FOUR STATES--KARNATAKA, MADHYA PRADESH, ORISSA, AND WEST BENGAL--DURING THE PAST FEW DAYS TO MAKE AN ON-THE-SPOT STUDY LIMITED OFFICIAL USE

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OF THEIR PRODUCTION PROGRAMS, TO ASSESS PRIORITIES IN THE CONTEXT OF THE EXISTING SHORAGE OF FERTILIZERS AND OTHER OUTPUT CONSTRAINTS AND TO SUGGEST MEASURES FOR THE EFFECTIVE IMPLEMENTATION OF THEIR PRODUCTION PROGRAMS. MRS. GANDHI WAS ACCOMPANIED ON THESE TOURS BY THE TEMPORARY UNION AGRICUTLURE MINISTER SUBRAMANIAM AND A NUMBER OF SENIOR OFFICERS OF THE AGRICULTRUE MINISTRY. DURING DISCUSSIONS, STATE AGRICULTURAL OFFICIALS GENERALLY DEMANDED MORE FERTILIZERS, BETTER CREDIT FACILITIES, MORE FUNDS FOR

IRRIGATION AND MORE ELECTRIC POWER. IN VIEW OF THE EXISTING CONSTRAINTS ON THE ECONOMY, STATE OFFICIALS WERE ADVISED TO MAKE THE MAXIMUM USE OF AVAILABLE RESOURCES, SIMPLIFY RULES TO REMOVE BOTTLENECKS, AND ENSURE EXPEDITIOUS COMPLETION OF PRIORITY PROGRAMS DESIGNED TO RAISE FOOD PRODUCTION. THE PRIME MINISTER ALSO STRESSED THE IMPORTANCE OF INCREASING THE PRODUCTION OF SUBSIDIARY FOOD CROPS LIKE POTATOES, TAPIOCA, AND OTHER NON-CEREAL FOODS.

5. IN ORDER TO ENCOURAGE MAXIMUM PRODUCTION, SOME STATES DURING THE LAST FEW WEEKS HAVE BEEN URGING THE GOI TO ESTABLISH SUPPORT PRICES ABOVE LAST YEAR'S LEVELS FOR THIS YEAR'S RICE AND COARSE GRAIN CROPS. THE GOI IS CAUGHT IN THE GENERAL DILEMMA OF TRYING TO HOLD DOWN PRICE LEVELS WHILE AT THE SAME TIME INCREASING PRODUCTION. EMBOFFS HAVE BEEN INFORMED THAT SUPPORT PRICES FOR RICE AND COARSE GRAINS MAY NOT BE ANNOUNCED, AS THE ESTABLISHMENT OF HIGHER SUPPORT PRICES IS LIKELY TO RESULT IN DEMANDS FOR A MUCH GREATER INCREASE IN PRODUCTION PRICES WHICH ARE GENERALLY ESTABLISHED ON THE EVE OF THE HARVESTS.

6. AS PART OF THE OVERALL EFFORT TO INCREASE FOREIGN EXCHANGE EARNINGS, THE GOI'S STATE TRADING CORPORATION IN EARLY JULY CONCLUDED AN AGREEMENT WITH A KUWAIT FIRM FOR THE SUPPLY OF 25,000 TONS OF BASMATI RICE. SHIPMENTS ARE TO BE COMPLETED BY THE END OF DECEMBER. STC OFFICIALS ARE HOPEFUL OF EXPORTING PRINCIPALLY TO THE GULF COUNTRIES DURING THE CURRENT INDIAN FISCAL YEAR (APRIL/MARCH), A TOTAL OF 35,000-40,000 TONS OF BASMATI RICE VALUED AT APPROXIMATELY RS. 220 MILLION. INDIA'S TOTAL EXPORTS OF BASMATI RICE DURING THE PREVIOUS FISCAL YEAR, 1973-74, WERE AN ESTIMATED 17,000 TONS.

7. RUMOR INDICATES THAT THE GOVERNMENT HAS APPROVED AN INCREASE IN THE FOREIGN EXCHANGE ALLOCATION TO A TOTAL EQUIVALENT OF RS. LIMITED OFFICIAL USE

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7.92 BILLION (SLIGHTLY OVER DOLS 1 BILLION) FOR THE PURCHASE OF APPROXIMATELY 5 MILLION TONS OF FOODGRAINS THIS INDIAN FISCAL YEAR. WE ARE UNABLE TO CONFIRM THE RUMOR.  
KRIESBERG

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOOD SHORTAGE, AGRICULTURAL PRODUCTION, STORMS, DAMS, FERTILIZERS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**TAGS:** EAGR, IN  
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